



Date: September 10, 2008

To: City Manager for Council Action

From: Administrative Analyst to the City Manager

Subject: Request for Resolution Opposing State Budget Decisions Impacting Local Government Funds

EXECUTIVE SUMMARY:

The League of California Cities is urging its member cities to express opposition to any strategy on the part of the State of California to balance the state budget by taking local government funds.

Despite the fact that Californians voted in 2004 and 2006 to approve protections for local government and transportation revenues, cities have been advised that State officials are seriously considering borrowing from local government, redevelopment, and transportation revenues to close the state's \$15.2 billion deficit. This is not a long-term solution to the state's fiscal situation and simply delays the difficult choices the state must make while further burdening local government. This proposed action is on top of the millions that the City has already lost to the state from previous revenue grabs.

City staff has contacted state legislators several times by telephone and by letter. The attached resolution is another step to communicate the City's expectation for the state to close its budget gap with state funds, not local government funds.

ADVANTAGES AND DISADVANTAGES OF ISSUE:

There are no identified disadvantages to adopting this resolution.

ECONOMIC/FISCAL IMPACT:

There are no direct fiscal impacts associated with adopting the attached resolution.

RECOMMENDATION:

That the Council adopt a resolution opposing state budget decisions impacting local government funds.

Pam Morrison
Administrative Analyst to the City Manager

Approved:

Jennifer Sparacino
City Manager

Documents Related to this Report:

- 1) ***Resolution Opposing State Budget Decisions Impacting Local Government Funds***

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RESOLUTION NO. _____

**A RESOLUTION OF THE CITY OF SANTA CLARA,
CALIFORNIA, OPPOSING FISCALLY IRRESPONSIBLE
STATE BUDGET DECISIONS THAT WOULD "BORROW"
LOCAL GOVERNMENT, REDEVELOPMENT AND
TRANSPORTATION FUNDS**

BE IT RESOLVED BY THE CITY OF SANTA CLARA, CALIFORNIA, AS FOLLOWS:

WHEREAS, the July 1, 2008, the Constitutional deadline for the state to approve its budget was missed;

WHEREAS, both the Governor and the Legislative Budget Conference Committee have recommended balanced budgets without resorting to "loans" or seizures of local government property tax, redevelopment tax increment and transportation sales tax funds;

WHEREAS, in 1952 the voters of California approved Article XVI, Section 16 of the California Constitution, providing for tax increment financing for community revitalization—not balancing the state budget, and the voters never authorized the legislature to take or "borrow" community redevelopment funds for state programs;

WHEREAS, in 2004 by an 84% margin of approval the voters of California approved Proposition 1A and sent a loud and unambiguous message to state leaders that they should stop the destructive and irresponsible practice of taking local government funds to finance the state budget and paper over the state deficit;

WHEREAS, in 2006 by a 77% margin of approval the voters of California also approved Proposition 1A, providing similar protections to transportation funding (under previously approved Proposition 42) for state and local transportation projects, including important street maintenance and public transit programs;

WHEREAS, both ballot measures allow the Governor to declare a “severe state of fiscal hardship” and “borrow” these funds if they are repaid in three years with interest, but the Governor believes it would be irresponsible to “borrow” such funds because it would deepen the state’s structural deficit and cripple local government and transportation services;

WHEREAS, refusal by the Legislature to carryout its constitutional obligation to compromise on a balanced budget is not a “severe state of fiscal hardship” and would not justify reductions in critical local services, community revitalization programs and infrastructure maintenance at a time when cities are struggling to balance their own budgets during this economic down turn;

WHEREAS, city investments in infrastructure, affordable housing and basic public safety and other community services will create needed jobs and speed our economic recovery;

WHEREAS, the Legislature should balance the state budget with state revenues and respect the overwhelming support of voters for not using local property taxes, redevelopment tax increment and transportation sales tax funds to fund the day-to-day operating cost of state programs;

WHEREAS, it would be the height of fiscal irresponsibility to paper over the state structural deficit with more borrowing, and Californians deserve state leaders who will tell them honestly what needs to be done to produce a balanced budget; and

WHEREAS, it is time for the state of California to cut up its local government credit cards and deal with the budget deficit in a straightforward way. Balance the state budget with state funds.

NOW THEREFORE, BE IT FURTHER RESOLVED BY THE CITY OF SANTA CLARA, CALIFORNIA, AS FOLLOWS:

1. That the City of Santa Clara hereby opposes any and all efforts by state government to “borrow” or seize local tax funds, redevelopment tax increment and transportation sales tax

funds by the state government to finance state operations. Such a move would be fiscally irresponsible for the state and hamper effective local services and infrastructure investments.

2. That the Mayor/City Manager is hereby directed to send this resolution and communicate this Council's strong and unswerving opposition on this matter to our Legislators and the Governor along with an expression of our continued appreciation for the Governor's and any supportive legislators' steadfast opposition to further borrowing or seizure of these funds.

3. Constitutionality, severability. If any section, subsection, sentence, clause, phrase, or word of this resolution is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of the resolution. The City of Santa Clara hereby declares that it would have passed this resolution and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more section(s), subsection(s), sentence(s), clause(s), phrase(s), or word(s) be declared invalid.

I HEREBY CERTIFY THE FOREGOING TO BE A TRUE COPY OF A RESOLUTION PASSED AND ADOPTED BY THE CITY OF SANTA CLARA, CALIFORNIA, AT A REGULAR MEETING THEREOF HELD ON THE ____ DAY OF _____, 200__, BY THE FOLLOWING VOTE:

AYES: COUNCILORS:

NOES: COUNCILORS:

ABSENT: COUNCILORS:

ABSTAINED: COUNCILORS:

ATTEST: _____
ROD DIRIDON, JR.
CITY CLERK
CITY OF SANTA CLARA

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CITY OF SANTA CLARA
AGENDA MATERIAL ROUTE SHEET

Council Date: 9/16/08

SUBJECT: Resolution opposing state budget decisions impacting local government funds

CERTIFICATION

The proposed Resolution
Regarding opposition to state budget decisions impacting local government funds
has been reviewed and is hereby certified.

PUBLICATION REQUIRED:

The attached Notice/Resolution/Ordinance is to be published _____ time(s) at least _____ days before the scheduled meeting/public hearing/bid opening/etc., which is scheduled for _____, 200__.

AUTHORITY SOURCE FOR PUBLICATION REQUIREMENT:

Federal Codes:

Title _____ U.S.C. § _____
(Titles run 1 through 50)

California Codes:

Code _____ § _____
(i.e., Government, Street and Highway, Public Resources)

Federal Regulations:

Title _____ C.F.R. § _____
(Titles run 1 through 50)

California Regulations:


Title _____ California Code of Regulations § _____
(Titles run 1 through 28)

City

City Charter § _____ (i.e., 1310. Public Works Contracts. Notice published at least once at least ten days before bid opening)

City Code § _____

1. As to City Functions, by



Department Head

2. As to Legality, by



City Attorney's Office / CAO Assignment No 08.1317

3. As to Environmental
Impact Requirements, by

Director of Planning and Inspection

4. As to Substance, by



City Manager

Revision Date June 7, 2005